

**HOUSING AND ECONOMIC CHANGE
IN NEWARK, NEW JERSEY
(1970s TO THE 1980s)**

Report Prepared for:
Department of the
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INTRODUCTION

This report addresses the relationship between homelessness and the lack of safe, decent, and affordable housing in Newark. First, with respect to housing supply, it will discuss housing conditions in Newark, including the quality and cost of housing. The report will also discuss the extent to which abandonment, demolition, and other factors affect the availability of housing in Newark. Further, with respect to housing demand, it will discuss the housing needs of Newark residents, focusing primarily on the needs of lower-income residents. The report will discuss some of the factors affecting the ability of Newark residents to purchase safe and suitable housing: the amounts and sources of their income, the decline of jobs, and the limitations on individual or family mobility.

The report concludes that a contributing cause of homelessness in Newark is the acute shortage of decent housing affordable to lower-income residents of Newark.

BACKGROUND

Newark, New Jersey, with an estimated population of 316,000 in 1985, is the largest city in the State of New Jersey. It is a city which in 1930 had nearly 450,000 residents living in 150,000 housing units (Exhibit 1). Since that time, however, it has decreased by almost one-third of these numbers—to a population of 319,400 and 108,200 housing units as of 1983.*

In 1950, Newark was a white, working-class city with a slightly above-average rate of unemployment. Today, the city is primarily black, with a substantial share of its population unemployed and dependent upon a variety of federal and state income subsidies which are lower, relative to inflation, than they have been in the past.

Newark is a city with extraordinary access to New York City—by rail and by road. Newark is within twenty minutes of Manhattan—yet it has been largely unable to participate in New York's renaissance. It is a city that has lost a significant share of its employment base despite regular participation in a variety of economic development programs. Newark has experienced both residential and nonresidential property abandonment to a level and geographic penetration predicted by few. Every neighborhood, housing type, business classification, and industrial sector, without exception, has lost a share of its structures to abandonment.

The loss of residential units to demolition has been particularly acute. During the 1970s, Newark lost a total of 15,000 dwelling units to demolitions, representing more than one-tenth of its entire housing stock. This trend has continued undiminished. At the beginning of the 1980s, the city was losing units from its housing stock at twice the rate that it was adding to it, with a rate of 1,500 demolitions annually. By mid-decade, the ratio of demolitions to construction had increased to 3 to 1.

As the second half of the 1980s begins, Newark continues to experience an outmigration of wealth and an immigration of poverty. Although the rate of change in this regard has slowed, the net impact of the changes over the last twenty-five years has been devastating for many Newark residents. Due to the nature of much of the housing stock in Newark—older, low-rise buildings, located in areas of relatively low property value—the city's existing residential structures have the potential to provide basic shelter for some of those who can afford very little. Unfortunately, there

* These figures are projected to further decrease to a population of 300,000 and 100,000 housing units by 1990 (Exhibit 1).

EXHIBIT 1

TOTAL HOUSING UNITS AND HOUSING UNITS OCCUPIED
BY LOW- AND MODERATE-INCOME FAMILIES

Year	Total Population	Total Housing Units	Units Occupied by Low- and Moderate-Income Families
1970	382,460 ¹	127,200 ¹	—
1974	360,000 ²	129,270 ²	71,874 (55.6%) ²
1980	329,248 ¹	121,387 (published) ¹	90,067 (69.4%)
1983	319,393 ²	108,184 ²	70,644 (65.3%) ²
1984	318,098 (est.) ³		
1985	316,000 (est.)		
1990	300,000 (est.) ⁴	100,000 (est.)	

Building Permits⁵

New Units

	Total	Single-Family	2 to 4	5+	Demolitions
1980	749	—	6	743	1,421
1981	384	—	24	360	1,005
1982	65	—	—	65	1,535
1983	108	1	7	100	846
1984	81	57	24	—	295
1985	120	—	20	100	300
Total	1,507	58	81	1,368	5,402

Sources:

1. U.S. Department of Commerce. Bureau of Census. U.S. Census of Population and Housing. Washington, D.C.: U.S. Government Printing Office, 1970, 1980.
2. U.S. Department of Housing and Urban Development (HUD). American (Annual) Housing Survey. Washington, D.C.: HUD Magnetic Tapes, 1974, 1983.
3. New Jersey Department of Labor. Population Estimates - 1984. Trenton, NJ: New Jersey Department of Labor, 1985.
4. New Jersey Department of Labor. Population Projections 1990-2010. Trenton, NJ: New Jersey Department of Labor, 1985.
5. New Jersey Department of Labor. Annual Residential Building Permits - Summaries. Trenton, NJ: New Jersey Department of Labor, 1980-1985.

are not nearly enough of these structures to meet the needs of Newark's changing population, and even this limited potential is presently undeveloped. Deteriorated buildings that could be reacted to before abandonment remain untouched. Abandoned buildings that could be renovated and occupied are demolished rather than improved for housing. Instead of meeting the housing needs of Newark's low-income population, the existing structures compel families and individuals who are "fortunate" enough to find housing to reside in substandard buildings, to the detriment of their health and welfare. At a later stage of deterioration, abandonment and demolition create an inadequate number of habitable buildings and force many lower-income residents into homelessness.

On the pages which follow, the characteristics of Newark's lower-income residents and the nature of their unmet housing needs will be discussed. Also, Newark's present housing stock and the changes it has undergone over time will be highlighted. These two thrusts lead to comparisons of lower-income housing demand and supply, and the characteristic which personifies Newark's housing picture—excess demand in a relatively weak housing market. This condition spawns homelessness.

NEWARK'S HOUSING OCCUPANTS AND THE UNMET HOUSING NEEDS OF LOWER-INCOME RESIDENTS

Newark's Housing Occupants

This section describes the general characteristics of occupants of housing in Newark according to race, marital status, age, household size, education, income, and rent-to-income ratios. Exhibit 2 lists these characteristics for 1974 and 1983 (the most recent year for which such statistics are available) and compares Newark to aggregate data from other central cities across the United States for these years. The relevant demographic statistics demonstrate that Newark households typically are minorities living in households comprised of female householders* with dependent children and one or more unrelated individuals. The head of the house has completed, on an average, an eleventh-grade education, which is two years less than the average for other central cities in the nation. At least partly as a result of this difference in education, Newark's average family income is also less than the average found in other cities. In fact, the "real dollar" income for Newark families has decreased by 30 percent in the last ten years. This has had a significant impact on the ability of Newark residents to obtain housing, as discussed within.

Race, Marital Status, Sex

Newark's population is predominantly comprised of minorities. Within this minority population, the percentage of blacks has decreased slightly over time, reflecting an immigration of Orientals and Iberian Spanish, particularly the Portuguese.

Only slightly over one-third of Newark's heads of household indicate that they are married. Although this constitutes a decrease from the 1974 figures, the decrease is consistent with the

*"Head of Household" or "householder" is the person who declares him or herself to be the head of the household or, if no declaration is made, the person who provides the largest share of the household's aggregate income.

EXHIBIT 2

HOUSING OCCUPANTS — NEWARK, NEW JERSEY (1974-1983) VERSUS
ALL CENTRAL CITIES (1974-1983)

	Newark 1974	Newark 1983	Percent Change 1974-1983	All Central Cities 1974	All Central Cities 1983	Percent Change 1974-1983
Race (% black)	46.3	44.6	(- 3.7)	20.6	22.4	(+ 8.7)
Marital Status (% married)	39.6	35.2	(- 11.1)	55.9	49.0	(-12.5)
Sex of Family Head (% female)	46.4	47.2	(+ 1.7)	30.6	36.4	(+19.0)
Age of Head (mean)	47.8	51.0	(+ 6.7)	46.9	47.4	(+ 1.1)
Household Size (mean)	2.59	2.81	(+ 8.5)	2.74	2.36	(-13.9)
Education of Head (% mean years completed)	10.3	11.3	(+ 9.7)	12.5	13.2	(+ 5.6)
Family Income (median)						
(Current)	\$ 8,540	\$12,000	(+ 40.5)	\$ 9,650	\$16,120	(+67.0)
(Constant)	\$17,250	\$12,000	(- 30.4)	\$19,493	\$16,120	(-17.3)
Rent/Income Ratio (mean)	0.23	0.25	(+ 8.8)	0.32	0.22	(-31.3)

All Items CPI - 1974-1983 + 102%

Source: U.S. Department of Commerce/U.S. Department of Housing and Urban Development, American (Annual)
Housing Survey 1974, 1983, Magnetic Tape File

national level of decline. This figure is nevertheless striking, however, in that the proportion of married householders in Newark is only two-thirds the level that exists for householders in other central cities in the United States. A significant portion of the city's housing stock must, therefore, meet the needs of unrelated individuals residing together, as well as the needs of individuals residing alone. Units must be small, with a limited number of bedrooms.

The head of the household in Newark is as frequently a woman as it is a man. Rather than being young, unmarried, and unencumbered, among lower-income families in Newark the householder is often older, divorced, and a single parent. This makes simultaneous employment and child-care very difficult, and often contributes to the growth of a city's dependent population.

Age, Household Size

A growing elderly population also tends to contribute to an increase in the proportion of city residents for whom public support is needed. As a population ages, salaried income as a percent of total income diminishes; past age 65, aggregate income may be significantly reduced. In Newark, the mean age of the householder in 1983 was 51, up from approximately 48 in 1974 (Exhibit 2). Newark's age of householder is about 7 percent greater than the average for all central cities in 1983, and although the rate of increase in Newark is only moderate, nationally the trend is flat.

Exhibit 2 also demonstrates that household size in Newark is also increasing. Indeed, Newark's average household size grew by over 8 percent from 1974 to 1983. Such growth in household size today is rare in almost every type of geographic setting: urban, suburban or rural; sunbelt or frostbelt; growing or declining, etc. In fact, nationally, household size decreased by close to 14 percent for this same period. The increasingly common phenomenon in Newark of shared accommodations between more than one family or unrelated individuals has obviously contributed to the increase in household size.

Education, Income

The average education completed by heads of households in Newark is fully two years less than those who live in other central cities throughout the nation (Exhibit 2). Nationally, those who live in central cities complete, on average, high school plus an additional year of college. In Newark, on the other hand, the average householder barely completes the eleventh grade. Not only is the extent of this difference significant, i.e., two years on a base of twelve, but also the point at which the educational break occurs is particularly striking, *inter alia*, because of the importance employers generally place on prospective employees having a high school diploma.

The income of the average family in Newark reflects these educational differences. In 1974, Newark's median family income was 90 percent of the level of families in most other central cities (Exhibit 2). In 1983 it had fallen to merely 75 percent. Adjusted for inflation, the real income of Newark families decreased by 30 percent over this period. Family incomes in central cities also decreased, but by only one-half the rate of decline observed in Newark.

The low level of income of Newark residents, and the fact that the average income of Newark residents continues to decrease over time, bodes poorly for the ability of Newark's lower-income population to obtain adequate housing. This is demonstrated graphically in the ratio of rent-to-income. The rent-to-income ratio is the proportion of a household's income that contract rent represents; it applies only to renter households. In 1983 the average rent-to-income ratio in Newark for all renter households was 25 percent. This is one-tenth greater than the national average for all central cities, which in 1983 was 22 percent.

The difficulty of securing and retaining housing under these financial circumstances is clear. Newark's average income relative to rent is low. Newark's problems are compounded further by the fact that its residents' incomes are decreasing in real dollars at a faster rate than rent. Unlike most central cities, in which the ability to support housing is becoming easier, in Newark housing access is becoming far more difficult.

Summary

Newark is a city with a high percentage of minorities that is a repository for the poor. It is a city where, increasingly, households consist of single-parent families in which part or all of the responsibility for income generation and childrearing falls on the female head. The average education and income levels of Newark residents are lower than national averages. More distressing, both education and income lag significantly behind national rates of growth. As a result, Newark's rent-to-income ratio is higher than in most other locations, and this ratio is increasing over time. This is an ominous situation for a city in which the existing housing stock already fails to meet the needs of its residents—both because of its substandard condition and because there is an insufficient number of units to meet the existing housing demand. The city's residents have difficulty affording housing of the worst kind, and both the ability to afford housing and the quality of the housing are decreasing over time. This situation is all the more serious for Newark's poorest residents, whose real income is declining fastest and who are already spending the highest proportion of their meager income on the poorest quality housing.

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NEWARK'S HOUSING STOCK

Introduction

Central city decline in New Jersey represents a virtual paradox. Many of the advantages of these cities which existed prior to the period of mass suburbanization persist. Newark is one example of a central city in New Jersey in which the frame for the structure of economic growth is rusty but in place. It is the site of county, state, and federal offices. It remains the home of certain major industrial sectors, particularly for the insurance and utility industries. Transportation facilities—rail, bus, and highway—are more than adequate. It contains major institutions of higher education, generating thousands of administrative and professional positions. All of the necessary urban infrastructure for a successful commercial center is already in place, and Newark possesses one of the nation's best airports and deep-water ports. Despite these advantages, the city has failed as a major urban entity. The statistics of failure are available from numerous sources of public and private data. The most visible displays of the city's physical decline are found in deteriorating residential areas and decaying, abandoned strip commercial and industrial areas.

In the following discussion, Newark's housing stock and the condition of this housing will be assessed. Comparison will *not* be made to the state's thriving suburban areas, but to other central cities nationally. Is Newark like many central cities in the United States where life is difficult but acceptable, or is there a uniqueness of decline in Newark that recreates the city-suburban disparity previously mentioned in relationship to other cities? Further, this section will evaluate the particular characteristics and limitations of the housing available for the poorest of Newark's residents. This section concludes that Newark's housing stock is old, rapidly diminishing, and is in so poor a condition that it clearly qualifies as being one of the worst in the nation. These quality and availability problems are even more severe for those with the lowest income levels in the city, many of whom may become homeless as a result of the unavailability of any affordable housing—even of poor quality.

Housing Stock

The housing stock of a city is typically described according to the age, type, tenure, size, and cost of residential structures. To gain some perspective on a city's housing conditions, one must not only view these indices at a specific point in time, but also as they change over time. In the following section, these guidelines are applied to evaluate current housing conditions in Newark versus other large cities nationally.

Age, Type, Tenure

As Exhibit 3 indicates, the housing stock of Newark, New Jersey is old. Close to 80 percent of existing structures were built prior to 1940. This figure is almost *double* that of the average percentage for all central cities nationally. Conversely, only five percent of Newark's housing stock was constructed after 1970—a figure only *one-third* the level of other central cities.

In 1983, Newark was predominantly a city of multifamily dwellings. Only twelve percent of the city's housing units were single-family structures, a rate one-fourth the level of other central cities nationally. Surprisingly, however, the percentage of single-family structures in Newark actually grew. If building permits over time are viewed, the scenario of significant single-family versus multifamily construction supporting this trend does not hold up. While not much new construction has taken place in Newark over the period 1980 to 1985, most of what has taken place is of structures of five families or more. Since the percentage of single-family housing is increasing, what is happening is that multifamily units are being lost from the stock at a greater relative rate than single-family units, and faster than they can be replaced by other multifamily units. This bodes poorly for Newark's housing supply as the units most in demand are being retired the fastest.

Size and Cost

Well over one-half of Newark's housing units are found in structures of two to four units (Exhibit 3). About one-sixth of the city's housing is contained in structures of twenty units or more. This figure for large structures is on a par with other cities nationally. However, the incidence of two- to four-family structures in Newark is 2.5 times the national rate. The unusually high prevalence of these types of structures in Newark is significant because the two- to four-family unit is particularly vulnerable to vacancy, abandonment, and ultimate destruction by fire. These structures are usually of wood-frame construction, often inhabited by five to six families, and accessible to a potential arsonist without limited entry at multiple points from the street level.

The size of Newark's dwelling units are, on the average, smaller than most central cities. This is essentially due to the comparatively high proportion of multifamily dwellings, the units in which are usually smaller in size. Barely one-third of the city's dwelling units are five rooms or more. In most central cities this size configuration represents well over one-half of the dwelling units. On the other hand, only about 10 percent of the city's dwelling units contain only one room, a figure one-third the rate of most other central cities. There is still a significant demand in Newark for such single-room-occupancy (SRO) housing, which is often the housing of last resort for a city's poorest residents. Due to the unusually small number of these units, however, supply significantly lags the potential demand for SROs in Newark.

Just over twenty-one percent of Newark's housing stock is single-family, owner-occupied (Exhibit 3). The value of this housing, in real dollars, has increased in the City of Newark by 38 percent between 1974 and 1983. Nationally, the value of such units has increased by only 12.5 percent. In part, this difference in the increase in value is due to Newark's extremely low 1974 single-family house values as compared to that of all central cities. At that time, the average value of Newark's single-family housing was only 60 percent of the average value in other central cities. By 1983, the value of single-family housing in Newark had increased to 70 percent of the level of

EXHIBIT 3

HOUSING STOCK — NEWARK, NEW JERSEY (1974-1983) VERSUS
ALL CENTRAL CITIES (1974-1983)

		Newark 1974	Newark 1983	Percent Change 1974-1983	All Central Cities 1974	All Central Cities 1983	Percent Change 1974-1983
Age of Housing	. Post-1970	3.3	5.4	(+ 63.6)	7.7	16.0	(+107.8)
	. Pre- 1940	84.1	78.2	(- 7.2)	47.9	42.9	(- 10.4)
Type of Housing	. Single family	7.2	12.5	(+ 73.6)	48.3	48.1	(- 0.4)
	. Multifamily	92.8	87.5	(- 5.7)	51.7	51.9	(+ 0.4)
Tenure of Housing	. Own	20.2	21.5	(+ 5.4)	43.1	41.2	(- 4.6)
	. Rent	78.0	78.5	(+ 0.6)	48.7	47.3	(- 2.9)
Size of Structure	. 2-4 Units	56.2	55.6	(- 1.1)	22.0	20.1	(- 9.1)
	. 20+ Units	17.1	16.9	(- 1.2)	15.6	16.7	(+ 7.1)
Stories	. 1-3 stories	80.7	87.3	(+ 8.2)	86.8	86.3	(- 0.6)
	. 4+ stories	19.3	12.7	(- 34.2)	13.2	13.7	(+ 3.8)
Size of Unit	. 1-4 rooms	10.5	9.4	(- 10.5)	3.6	3.5	(- 2.8)
	. 5+ rooms	44.2	32.0	(- 27.6)	53.9	53.6	(- 0.5)
Value (Median)	. (Current \$)	\$17,300	\$48,500	(+168.8)	\$27,500	\$62,500	(+127.3)
	. (Constant \$)*	\$34,946	\$48,500	(+ 38.5)	\$55,550	\$62,500	(+ 12.5)
Gross Rent (Median)	. (Current \$)	\$ 166	\$ 250	(+ 50.6)	\$ 261	\$ 303	(+ 16.1)
	. (Constant \$)†	300	\$ 250	(- 16.7)	\$ 472	\$ 303	(- 35.8)

* All Items CPI — 1974-1983 = + 102%

† Rent CPI — 1974-1983 = + 81%

Source: U.S. Department of Commerce/U.S. Department of Housing and Urban Development, American (Annual) Housing Survey 1974, 1983, Magnetic Tape File

other central cities. Thus, while the value of Newark's housing stock is increasing faster than most other central cities, Newark is barely bettering its inferior position relative to these cities.

Rents in Newark have decreased in real dollars by 17 percent from 1974 to 1983. In contrast, rents have decreased nationally by more than double this rate. Even so, in 1983 the average rents in other central cities were 20 percent higher than the average rents found in the City of Newark (Exhibit 3). Thus, for Newark residents with an adequate source of income, the housing crisis is related more to the shortage of suitable and decent units than to excessive rents. For lower-income residents, such as whose only source of income is welfare, however, the problem is not simply the shortage of decent and suitable units, but also the unaffordability of any existing housing, despite the rent levels that are somewhat lower than the national average for central cities.

Overall, the housing stock of Newark, New Jersey may be characterized as old, smaller than average-sized, predominantly rental, two- to four-family units of low but somewhat increasing cash value. This is in stark contrast to a housing stock in other central cities that tends to be newer, larger, and more evenly balanced between owner-occupied and rental units. Despite the predominance of rental units in Newark's housing stock, Newark currently has a shortage of multi-family housing and single-room-occupancy units relative to the present demand for such housing.

Housing Condition

The condition of housing in Newark clearly qualifies the city as having one of the worst housing stocks in the nation. In comparison with most other central cities, themselves not the loci of outstanding housing quality, Newark falls far behind on all indicators discussed below, and the situation appears to be getting worse.

As Measured by the Federal Government's *American (Annual) Housing Survey*. A city's housing conditions may be measured by evaluating the interior integrity of the dwellings (including sanitary conditions), the existence and operation of basic housing-unit systems (such as heaters), and the exterior soundness of the structures. The first two factors are measured by the physical condition of walls and ceilings, the incidence of rodents, and the absence or nonfunctional state of heating or bathroom equipment. The latter two factors are measured by the frequency of property abandonment on the same block as the structure.

As Exhibit 4 shows, in Newark in 1983, there was twice the percentage of housing units with cracks or holes in the ceiling, or broken plaster of significant size, than in other central cities nationally. Even more telling, in Newark these conditions *increased*, while in other large central cities they remained constant or *decreased*.

In terms of basic equipment, 17 percent of Newark housing units were found to lack central heat in 1983. This figure is one-third *higher* than in 1974. In contrast, the comparable figure for other central cities nationally was 8.8 percent in 1983, one-half the Newark rate, a figure which had *decreased* since 1974. Broken toilets, another measurement of basic equipment, is also significantly greater in Newark than in other cities. In 1974, broken toilets were found in Newark housing units at twice the rate of other central cities nationally. (Similar figures are unavailable for 1983.)

Another index of interior condition is sightings of vermin within the structure by the occupants. In 1974, the incidence rate of vermin sightings was three times the level found in structures in all other central cities nationally (Exhibit 4). (Similar figures are unavailable for 1983.)

A most significant index of likely external structure condition is the presence of deteriorated and abandoned buildings in the same neighborhood. The condition of surrounding housing is also generally considered a good indication of the likely future condition of the parcel being surveyed. This is measured by asking residents whether there are vacant and exposed buildings on the same block as the one in which the respondent lives. When this was undertaken

EXHIBIT 4

HOUSING CONDITION — NEWARK, NEW JERSEY (1974-1983) VERSUS
ALL CENTRAL CITIES (1974-1983)

	Newark 1974	Newark 1983	Percent Change 1974-1983	All Central Cities 1974	All Central Cities 1983	Percent Change 1974-1983
Cracks or holes in wall or ceiling	13.7	20.5	(+ 49.6)	8.0	9.1	(+13.8)
Broken plaster over one square foot	13.6	12.1	(- 11.0)	13.7	5.3	(-54.0)
Toilet broken with- in last 3 months	6.4	—	(-)*	3.1	-	(-)*
Room heater, portable heater, or no heat	12.5	17.2	(+37.6)	10.8	8.8	(- 17.0)
Signs of mice or rats within last 3 months	24.2	—	(-)*	8.6	-	(-)*
Abandoned structures on block	20.3	43.3	(+115.0)	10.1	10.8	(+ 7.0)

*Question not asked in 1983

Source: U.S. Department of Commerce/U.S. Department of Housing and Urban Development, American (Annual)
Housing Survey 1974, 1983, Magnetic Tape File

in 1983, forty-three percent of the survey respondents in Newark reported seeing abandoned buildings on their block. This figure is more than *four* times the rate of respondents reporting proximate abandoned buildings in other central cities nationally. Moreover, this figure had doubled in Newark since 1974, in contrast to an essentially constant incidence of approximately 10 percent in other central cities (Exhibit 4).

An unfortunate but significant aspect of the phenomenon of housing abandonment is its contagious effect: abandonment spurs abandonment. To the degree that this statement continues to be true, structures in Newark on the same block as others that are abandoned have four times the chance of being abandoned as structures in other cities of the United States.

As Measured by HUD and Rutgers Indices of Deterioration. Other gauges of housing condition focus more on the occupancy characteristics and the completeness of equipment in structures than their actual physical state. Two such indices of less-than-adequate living conditions are the extent to which structures are either overcrowded or lack basic plumbing. The U.S. Department of Housing and Urban Development (HUD) at one time exclusively used these indices as a means of evaluating comparative housing conditions. More recently, HUD has allowed local governments to enact their own measures to derive estimates of housing deterioration. Nonetheless, the old HUD indices continue to be used to specify deterioration in Newark.

Newark's 1985 Housing Assistance Plan (HAP), a current housing analysis which is a requirement for Community Development Block Grant (CDBG) funding, uses these two measures to specify deteriorated housing. The City estimated in the 1985 HAP that as of 1980, 13,400 units occupied by lower-income* families were in a deteriorated condition based on this criteria. This represented fully 13 percent of the city's housing stock. In comparison, the equivalent figure for the City of Yonkers, New York, using the same indices, was three percent.

Rutgers University, in its study of lower-income housing need in New Jersey, identified six indices associated with deteriorated housing. These include:

1. lack of exclusive use of complete plumbing;
2. 1.01 or more persons per room;
3. lack of exclusive access to a unit;
4. lack of complete kitchen facilities;
5. lack of central heat; and
6. lack of an elevator in a multifamily structure of over four stories.

Following recent HUD research and other housing studies, Rutgers developed its own index of deterioration. Under this methodology, a unit is considered deteriorated if it is occupied by a low- or moderate-income family and has: (1) any two of the above conditions; or (2) one of the above conditions and was constructed prior to 1940.

Applying this criteria to the City of Newark, there were 22,621 deteriorated structures in 1974 and 17,891 structures in the same condition in 1983 (Exhibit 5). The former represented 17.5 percent of the housing stock in 1974 and the latter 16.5 percent of the housing stock in 1983. These numbers are basically in accord with the City's own HAP findings as discussed above. They are significantly *greater* than the incidence of deteriorated structures found in most central cities nationally.

*Analogous to the "very low" and "low" income terminology of the HUD Section 8 Program.

EXHIBIT 5

DETERIORATED HOUSING UNITS
OCCUPIED BY LOW- AND MODERATE-INCOME FAMILIES^A

NEWARK, NEW JERSEY -- 1974, 1980, 1983

A. 1985 Housing Assistance Plan Estimate (as of 1980)^{1,2}

1,728	Owner
<u>11,704</u>	Renter
13,432	Total low- and moderate-income deteriorated units

B. 1983 and 1974 American Housing Survey Estimate³

17,891 (1983)	Total low- and moderate-income deteriorated units
22,621 (1974)	Total low- and moderate-income deteriorated units

Units surveyed in both 1983 and 1974

36,000	Not occupied by low- and moderate-income families or not deteriorated in both years
4,000	Deteriorated and occupied by low- and moderate-income families in 1974 but not in 1983
7,000	Deteriorated and occupied by low- and moderate-income families in 1983 but not in 1974
2,000	Deteriorated and occupied by low- and moderate-income families in both years

A. Income qualified by HUD Section 8 income requirements

1. 1980 U.S. Census of Population and Housing estimate using nonexclusive use of complete plumbing and crowding (>1.01 persons/room) as a gauge
2. Includes estimate of lower-income occupancy of vacant units
3. Rutgers CUPR multiple indices of housing deterioration (any three of six indices including income)

Source: (A) City of Newark, New Jersey Community Development Block Grant Program, "Housing Assistance Plan"

- (B) U.S. Department of Housing and Urban Development, American Housing Survey 1974, 1983 Computer Tapes

Summary

As noted above, the condition of Newark's housing stock is one of the worst in the nation, and these conditions appear to be getting worse. A significant proportion of Newark's residential structures contain broken walls and holes in the floors or ceilings, lack of central heating, and have nonfunctioning bathroom equipment. The incidence of these conditions is several times higher than the average incidence found in all other central cities. Further, the dynamic indicators of housing conditions in Newark suggest that the city's housing stock is headed in the wrong direction, in contrast to the signs of improvement in other central cities.

Close to one-half of Newark's residential structures are in the vicinity of structures which are abandoned. In addition, a significant percentage of the city's housing stock that is below any acceptable standard is regularly inhabited by individuals and families at the bottom of the income ladder. The incidence of clearly deteriorated housing being occupied by the poor is an alarming two to three times the level found in other large cities.

THE DECLINE IN NEWARK'S HOUSING STOCK: A LONGITUDINAL SURVEY

The section that follows focuses on a sample of rental structures in Newark. Its purpose is to illustrate some of the trends described in the earlier portions of this report and to provide insight into some of the structural changes taking place in Newark's housing stock—particularly that serving low- and moderate-income residents—over the past two decades. The vehicle for observation is multiple recurring surveys of rental structures throughout Newark's core neighborhoods, selected so as to provide a structural probability sampling. The original 1964 sample focused on 569 rental structures which were substantially occupied by low- and moderate-income residents of the city. Surveyors returned to these sites in 1972, and again in 1981. What they found adds another dimension to the statistics discussed earlier in this report: by 1981, over two-thirds of this housing had virtually disappeared due to demolition, abandonment, and redevelopment. Assuming this survey is at all representative of trends in the low end of the market in Newark, large numbers of rental units formerly available for occupancy by low- and moderate-income tenants are simply no longer in existence. This great loss of affordable rental units can certainly be attributed as one of the factors giving rise to homelessness in Newark.

Exhibit 6 lists the characteristics of the buildings surveyed. In 1981, these buildings were all occupied, and all provided basic shelter to those who resided there. The buildings were owned by the private sector and generally had only a moderate level of serious structural defects: based on the survey indices, only 20 percent of the buildings were rated as being in poor condition, and their owners gave them a much better rating.

By 1981, only 40 percent, or 229 of the 569 original structures, were left. Of those 229, over 50 were vacant and abandoned. Barely 32 percent of the original dwellings continued their housing functions. Of those that remained and were occupied, one-half were rated as poor by the survey and were confirmed as such by their owners. A staggering proportion of housing was lost entirely from these areas. Property deterioration seemed not to be restrained by physical, economic, or social barriers, and it almost always resulted in the physical destruction of the structure.

EXHIBIT 6

HOUSING STOCK EVOLUTION OVER TIME
(A SAMPLE OF NEWARK RESIDENTIAL PROPERTIES 1964-1981)

	<u>1964</u>	<u>1972</u>	<u>1981</u>
<u>PROPERTY STATUS</u>			
Occupied	100.0	62.4	31.9
Abandoned (original structure standing)	0.0	7.0	8.8
Vacant Land (original structure demolished)	0.0	30.8	42.2
Redeveloped (original structure demolished and land reused)	0.0	1.8	17.1
Total	100.0	100.0	100.0
n =	(569)	(569)	(569)
<u>TYPE OF OWNER</u>			
Private Individuals	81.5	56.7	34.6
Corporations	18.5	4.6	7.8
Non-Profit	0.0	13.2	7.9
Public	0.0	25.5	49.7
Total	100.0	100.0	100.0
n =	(569)	(569)	(569)
<u>COST TO PUT BUILDING IN GOOD CONDITION</u>			
Dollars	\$95	\$244	\$696
n =	(375)	(290)	(122)

Source: Robert W. Burchell et al., The New Reality of Municipal Finance: The Rise and Fall of the Intergovernmental City (New Brunswick, NJ: Rutgers University, Center for Urban Policy Research, 1984), pp. 146, 147.

The buildings that were demolished, except for commercial occupancy and level of furnishing, represented a cross-section of the structure stock as a whole. Subsequent to a loss of seven out of ten buildings, the distribution of structure size, construction material, building height and building condition (relative to others) remained approximately the same. In 1964, just over 70 percent of the sampled rental buildings in Newark were of frame construction; in 1981 the percentage of frame construction was almost the same. Similarly, 1964 and 1981 sample buildings, on average, were three to four stories, 4.5 units in size, with four rooms per unit. On the other hand, over the period 1964 to 1981, the level of commercial occupancy in the sample building set was halved. In 1964, close to ninety buildings (16 percent) exhibited some form of commercial occupancy; by 1981 barely twenty buildings (8 percent) had commercial tenants. Buildings with commercial occupants disappeared at almost twice the rate of all residential buildings over the seventeen-year period.

Slightly over one-half of the buildings in 1981 were mortgaged—about the same percentage as was the case in 1964. Very few of the buildings (less than 7 percent) had second mortgages which indicated that large capital improvements were not being made. The frequency of second mortgages was one-half the rate of that during the mid-1960s period.

This longitudinal study confirms that there has been a devastating loss in Newark of housing units that had, in the past, been available to provide basic shelter for lower-income residents of the city. Less than one-third of the surveyed buildings continued their housing function, and of these, half were found to be in poor condition. This dramatic decline in both the size and quality of the stock of housing available to lower-income residents in Newark is likely to be a significant cause of homelessness among those least able to compete for the few remaining units of affordable housing.

CONCLUSION

Newark is a city whose population is poor, underemployed, and underhoused relative to the other major cities of New Jersey, and most other large central cities in the United States. Over time, jobs and incomes have decreased at precipitous rates, and public dependency is at a level significantly above most other comparable locations. Newark is a city whose housing is older and in substantially worse condition than housing in most other central cities across the country.

Relative to other cities, the housing stock of Newark is of extremely poor quality, characterized by unusually high percentages of both interior and exterior deterioration, an absence of basic housing amenities such as bathroom and kitchen equipment, and significant problems with sanitary and health conditions. This housing is occupied by poor people whose upward mobility is presently limited and is decreasing compared to residents of New Jersey's suburbs and cities, and other central cities nationally.

As indicated above, the housing stock of Newark is being retired on a regular basis and is not being replaced at anywhere near this rate of loss. Both through natural economic forces and, in some cases, spurred unintentionally by public policy, the burden of the care and retention of the city's housing stock has fallen to those least able to assure its sustenance. In the very act of placing this burden with the poor, all but the strongest are being swept away with the tide of lost housing.

Because so many units have disappeared or deteriorated, many former occupants of decent and affordable housing units are finding that no such units are now available. Large numbers of Newark residents are thus confined to life in deteriorated housing, often paying a disproportionate share of their income in rent. For the poorest, the predictable effect of this disappearance and deterioration is to push many into homelessness. Thus, the acute shortage of decent and affordable housing in Newark is likely to have a causal influence on that city's level of homelessness.